

there
for you

supporting UNISON members
when life gets tough



An information and advice guide

UNISON Debtline

Your information guide to managing debt and understanding how UNISON Debtline can help.

This guide has been produced in association with PayPlan providers of UNISON Debtline

0800 389 3302.

Struggling with debt? We can help get you back on an even keel

Most of us can live with a little debt much of the time. But if you or your partner suddenly find yourself out of work, reduced to sick pay, caring for a family member or other unexpected situation, making ends meet can suddenly become much harder. Being unable to meet debt repayments can lead to pressure from creditors and it can soon become difficult to pay even essential bills. The situation can spiral out of control very quickly.

Help is at hand

First of all, don't put it off. A large number of people in the UK are in debt and it's nothing to be ashamed of. The important thing is to take control of your situation – and the best way to do that is to get some professional advice.

Most importantly, don't pay for this. UNISON Debtline – provided by PayPlan offers, free confidential debt advice to hundreds of members every day. We can help you decide the best approach for your individual circumstances. Just give us a call on 0800 389 3302 or visit us at www.payplan.com/unison.

Alternatively, you can email advisers at unisondebtlineadvice@payplan.com. Remember to quote your UNISON membership number.

Advisers will talk you through the possible solutions, give advice on budgeting and, support you in taking action to reduce your debts. They will also liaise with UNISON There for You where it's felt that some additional help could make things that bit easier.

"Thousands of UNISON members have been helped with their money worries and managing debt. If your finances are getting on top of you and you'd like to understand your options get in touch. Call UNISON Debtline 0800 389 3302 today for free, confidential help and support."

Dealing with debt

Do you avoid nights out?

Do you wait to pay bills until after payday?

Do you avoid thinking about how big your credit card bills are?

Could you cope if you suddenly found yourself facing redundancy or another life-changing event?

It can be quite easy to fall into financial difficulty – particularly as credit is so easy to get hold of. If you regularly find yourself running out of cash or you're using credit cards to pay for bills, it may be that you need some help.

Use our quick checklist to see if you're in debt. If any of the following statements apply to you it may be worth seeking debt help and advice.

Am I in debt?

- ☐ I can't manage day-to-day without borrowing some money
- ☐ I find myself using my credit card for essential purchases, like food and bills
- ☐ I'm falling into arrears
- ☐ I'm behind on loans secured against my home
- ☐ I can't make repayments on loans or credit cards
- ☐ I'm being contacted about unpaid bills or missed payments
- ☐ I'm relying on quick fix short-term loans
- ☐ I'm borrowing from friends or family
- ☐ I'm suffering from stress and constantly worried about managing my money

Start living again

What are the options?

Advisers at UNISON Debtline (PayPlan) are experienced and knowledgeable about all the debt solutions available.

When it comes to providing a regulated debt solution, qualified advisers make sure that UNISON members are fully aware of their options and what it means for you in the long-term.

Whether you opt for an Individual Voluntary Arrangement (IVA), a Debt Management Plan (DMP), a Debt Relief Order (DRO), a Trust Deed or an alternative debt solution, you are treated fairly and given the best advice according to what's right for you.

There are circumstances where it is not possible to offer a managed solution, especially if you have no disposable income. In these cases, the Special Advice Team can recommend alternative options, such as bankruptcy or, liaise with creditors direct, or make arrangements for you to pay reduced or token payments set a level that you can afford.

The team can also help if you are considered particularly vulnerable – for example where your personal circumstances are likely to leave you susceptible to harm or disadvantage, such as low income, impending court action, losing your home due to repossession.

DEBT SOLUTIONS WE CAN HELP YOU WITH

Individual Voluntary Arrangement (IVA)

Self-Employed Individual Voluntary Arrangement (IVA)

Debt Management Plan (DMP)

Debt Relief Order (DRO)

Full and final settlements

Trust Deed (Scotland)

Repayment Arrangement

Debt Arrangement Scheme (Scotland)

OTHER SOLUTIONS WE CAN ADVISE YOU ON

Bankruptcy

Minimal Asset Process (Scotland)

Administration Order

Sequestration (Scotland)

For more details about these different solutions, what they mean and who they apply to, please refer to Appendix 1 (England, Northern Ireland and Wales) and Appendix 2 (Scotland)

Finding out the facts

What happens when I call UNISON Debtline?

Getting in control of your money starts with knowing what's coming in, what's going out and being aware of what's coming up.

To be able to offer you the best debt advice, qualified advisers take details of what money you have coming in and going out. Your financial information helps them to understand your circumstances and allows them to recommend the most appropriate debt solution.

During the assessment, an adviser will ask questions about your situation and ask for evidence such as payslips and

bank statements. This is to ensure your information is correct and that you have enough money to live on.

Be ready

When you contact UNISON Debtline for free debt advice it's always good to have as much information ready to hand. Below is a list of the sort of information you'll need. However, don't worry, if you can't pull everything together right away, you should still contact UNISON Debtline for immediate help and support. Call 0800 389 3302

Information needed

Details of other people in your household, including any children

Your employment details

Information about your mortgage and any secured loans, including the up to date balance, account number(s)

If you're renting, details of your monthly rent.

A list of your household income and regular expenses

A list of all your creditors, including the account numbers and outstanding balances. Also any details of any hire purchase agreements such as date agreement taken out, when the payments end, and any other terms

Details of any current or pending legal action regarding your debts

[And, if you're self-employed](#) details of any business takings and business expenses



"If it hadn't been for UNISON Debtline I would have lost everything. I thought I was managing even though I lay awake at night wondering how I would pay my bills. Now I'm back in control of my finances and can face the future with confidence."

The difference between priority and non-priority debts

WHAT IS A PRIORITY DEBT?

No one plans to get into debt. But when the unexpected happens, managing personal and household finances can become more challenging.

The most important bills that we need to pay are called priority debts.

If you don't pay a priority debt, it can result in you losing your home. Other bills and debts are called non-priority debts, they still matter but the result of not paying them is not so serious. When you contact UNISON Debtline, an adviser will talk you through those debts that you need to prioritise.

Priority debts include	If you don't pay
Rent & Mortgage	<ul style="list-style-type: none"> You could lose your home
Council Tax	<ul style="list-style-type: none"> You could go to prison You could have money taken from your wages A bailiff (Sheriff – Scotland) could take your belongings
Utilities	<ul style="list-style-type: none"> You could be cut off Your water supply cannot be cut off
Magistrates' Court Fine/Sheriff's Court Fine (Scotland)	<ul style="list-style-type: none"> You could go to prison
TV Licence	<ul style="list-style-type: none"> You could have money taken from your benefits or wages A bailiff (Sheriff – Scotland) could take your belongings You could get a large fine
Loan secured on your property	<ul style="list-style-type: none"> You could lose your home
Maintenance for others, including support for children	<ul style="list-style-type: none"> You could go to prison You could have money taken from your benefits, wages or bank account A bailiff (Sheriff – Scotland) could take your belongings

WHAT IS A NON-PRIORITY DEBT?

Non-priority debts include	If you don't pay:
Catalogue Credit and Store Cards Unsecured loans Personal debts	<ul style="list-style-type: none"> You can be taken to county court (Sheriff Court – Scotland) but cannot be imprisoned

Other support available from UNISON Debtline

Support specialists:

We know it can be a big step for you to share highly personal information which is why every adviser receives specialist training on how to spot the signs of callers with vulnerabilities.

This helps us to tailor our approach to giving you advice and, where appropriate, we can adapt what we say to help you better understand the options available to you.

There is also a dedicated team of specialists whose role is to offer additional protection to anyone who is considered 'particularly' vulnerable – for example someone who has a terminal illness, a severe mental health condition or learning difficulties.

PayPlan Plus – making it easier to manage your debt solution:

Once you have chosen a debt solution you get access to PayPlan Plus, a secure and private online account management system.

We encourage you to tell us about any changes in circumstances, which may affect your repayments or, affect the type of plan that has been recommended to you.

PayPlan Plus offers you a smoother journey and a speedier process and you can:

- Check the progress of your debt solution online
- Monitor and make payments
- Receive notifications for information requests
- Send photograph or scan documents using mobile devices
- Prepare for your annual review in advance
- Complete your income and expenditure online
- Contact your case officer direct via text or email.

You can also download the PayPlan Plus app, allowing you to access your online account using a smart phone or tablet, 24/7 regardless of your location.

Make the first step to regain control of your finances.

Contact UNISON Debtline today and get back to living.

Call 0800 389 3302

Appendix 1

The debt solutions – pros and cons

England, Northern Ireland & Wales

REPAYMENT ARRANGEMENT

A Repayment Arrangement can be set up between you and your creditors, similar to a supervised Debt Management Plan.

It's a solution to repay all unsecured debts in full by affordable monthly payments.

You set this up yourself and you will continue to liaise and make payments directly with your creditors.

*A self-help pack including template letters to use when writing to your creditors is available to guide you through the process.

REPAYMENT ARRANGEMENT PROS:

Free of Charge

All your available surplus goes towards paying off your debts

Control

You remain in control of your finances/situation

Support

Help is available from UNISON Debtline (PayPlan) on 0800 389 3302

Affordable

You set payments at a level you can realistically afford

Short-term solution

Can be used as a short-term solution if you are expecting your financial situation to improve in the future.

REPAYMENT ARRANGEMENT CONS:

Creditor Contact

Creditors can still contact you and chase for payment

Interest & charges

You can ask the creditors to freeze interest and charges, but this isn't guaranteed

Further Action

Creditors can still take further action against you including legal action

Credit Rating

Will affect your credit rating for minimum 6 years if your accounts have defaulted

Organisation

You need to be well organised to take charge of your own debt solution (see Debt Management Plan) for possible suitable alternative.

REPAYMENT ARRANGEMENT FACTS:

Financial Statement

Following an appointment, a UNISON Debtline (PayPlan) adviser will give you a fully completed Income & Expenditure and list of priority/non-priority creditors.

Repayment Arrangement

You will also be given a full guide with instructions on how to manage the plan yourself and deal direct with creditors for your Repayment Arrangement.

DEBT MANAGEMENT PLAN

A DMP is an informal arrangement between you and your creditors, managed for free through UNISON Debtline (PayPlan).

You pay one single monthly payment as part of your plan that goes towards repaying your unsecured debts. There is no guarantee that interest and/or charges will be frozen – if they aren't frozen, it will result in paying back more over a longer period of time.

DMP PROS:

Annual Review

We will review your situation with you annually and make relevant updates to reflect changes in your circumstances.

Request

We will ask your creditors to freeze interest and charges when sending offers of repayment.

However there is no guarantee they will be frozen.

Sustainability

Monthly repayments are set at a level you can realistically afford, after all your essential living costs and any priority payments have been accounted for.

Support

We will manage your debt plan and liaise with your creditors on your behalf, which should reduce the level of contact you receive from them.

Fair way of sharing payments

Payments are distributed on a pro-rata basis.

DMP CONS:

Excessive expenditure

Creditors may measure income and expenditure using guidelines of what they consider to be acceptable. This means they could query or ask for justification of any expenditure which they consider to be excessive.

Credit File

Your credit file will be affected for maximum of 6 years after the DMP is completed.

Protection

You will still be open to further action on your accounts, such as legal action.

There is no protection for your assets.

Repayment

You remain fully liable to pay your debts until they are paid in full. This means it is likely to take longer and cost more than alternative debt solutions.

Interest & charges

There is no guarantee that interest and/or charges will be frozen – if they aren't frozen, it will result in paying back more over a longer period of time.

DMP FACTS

Offer of Repayment

A copy of your income and expenditure will be sent to creditors so they can decide if your offer is reasonable.

Flexibility

Any change in circumstances may alter the length of your plan.

Reduced payments may mean a longer plan and increased payment may mean a shorter plan.

Settlement

Early settlement is available if you wish to pay a lump sum of your debts or even make a full and final offer if, for example you receive a windfall such as a payment from family, friend or lottery winnings.

DEBT RELIEF ORDER (DRO)

A DRO is a formal (statutory) insolvency procedure where debts are suspended for 1 year, after which debts are written off. There is an application fee* that must be paid up front, although the fee can be spread over 6 months in cases of extreme hardship. [There are circumstances where UNISON There for You will pay this fee]

DRO PROS:

Assets

You may keep your assets and vehicle, if their value is within the criteria allowed

Credit contact

Once in a DRO, creditors can no longer take further action on your accounts

Inclusive

All unsecured debts are included with only a few exceptions which allows you to make a fresh start

Fee

The application fee can be spread over 6 months in cases of extreme hardship

DRO CONS:

Credit Rating

Placed on your credit file for 6 years. You could face restrictions in taking out further credit

Implications

May affect future employment – certain professions will not employ individuals in a form of insolvency – for example financial services.

May affect tenancy agreements/ mortgage contracts Some credit agreements do not allow you to enter insolvency

Publication

A DRO is entered on the public Insolvency Register for the one year duration of your DRO

Exceptions

You remain liable to pay certain debts:

- Student loans
- Fines
- Debts arising from family proceedings

DRO FACTS:

Eligibility

You cannot apply for a DRO if you are already in an IVA or have been declared bankrupt or had a DRO approved in the past 6 years.

Business implications

You can't act as a director of a Ltd company

Credit

It is an offence to obtain credit of more than £500 without disclosing you are in a DRO

DRO Management

- Applications will be discussed with and submitted by an approved intermediary
- DRO applications are submitted to the Insolvency Service

Note:

A DRO application could be rejected if there's evidence of something of value being sold for significantly less than it's worth, or preferential treatment, such as where you have paid someone you owe money to in preference over another creditor in the past 2 years.

A subsequent change in circumstances could put a DRO at risk, such as increased income or a windfall – if this happens, debts are reinstated and include any interest & charges that have accrued.

ADMINISTRATION ORDER

An Administration Order, which means that you only have to pay part of your debts, is a way to deal with your debts if you have a County Court judgement (CCJ) or a High Court Judgement. It's a formal, legally-binding agreement between you and your creditors (and approved by the court).

Debts are paid back in full via a single monthly payment via the court. There is an administration cost of 10% taken from your monthly contribution and kept by the court.

A Composition Order can be applied for at court to limit the period of time over which you will repay the debts (normally limited to 3 years).

ADMINISTRATION ORDER PROS

Protection

Once your Administration Order is in place you are protected from any further action by the creditors within it. Interest and other charges are frozen.

Flexibility

If your circumstances change once the Administration Order is approved, it is possible to vary the monthly payment to a more affordable amount.

Court support

You benefit from having support from the local court, from application to supervision stage.

Possible Debt Forgiveness

It may be possible to apply for a Composition Order to limit the repayment period (rather than paying the full debt off). This repayment period is normally set over 3 years.

ADMINISTRATION ORDER CONS

Entry Criteria

Total debt included within the Administration Order must be less than £5,000

You must owe money to at least 2 creditors and one must be subject to a CCJ or High Court judgement

You must also have a surplus income available in order to pay your debt back.

Costs

There is a monthly administration fee taken by the court

The fee is 10% of the money distributed.

Court process

The process of setting up an Administration Order is done via the local court.

Repayment

You remain fully liable to repay your debts until they are repaid in full, unless a Composition Order is sought. The debt repayment term could be extremely long if you are only paying a minimum £1 per creditor per month.

ADMINISTRATION ORDER FACTS

Application

- A copy of the relevant application form (N92) can be obtained from your local county court
- You should complete sections A/B/C but do not sign it
- Your signature will be witnessed by court staff once you have made an appointment to apply for the Administration Order

Outcome

An application can either be accepted or objected to by creditors after a 16 day decision period. If objected to, a hearing will be held in order to resolve if possible.

Completion

You can request a completion certificate from the court once your Administration Order has concluded. There is a fee to pay for the completion certificate.

DEBT SETTLEMENT

You can settle your debt with a lump sum received from family & friends, a windfall, a loan, inheritance or sale of an asset. UNISON Debtline (PayPlan) will negotiate with your creditors to get the best settlement figure.

Funds need to be available within 21 days in order to proceed.

DEBT SETTLEMENT PROS:

Debt Free Sooner

Paying off a large portion of your debts will significantly reduce your time in a repayment plan and help you to be debt free sooner.

Credit File

If you have already defaulted on a debt your credit rating is likely to have been affected.

Your credit file will show the debts as 'satisfied' or 'partially settled' and the negative effects will lessen with time until they drop off completely after a period of 6 years.

Partially clearing or clearing the debts in full will make positive improvements to your credit rating

DEBT SETTLEMENT CONS:

Settlement Figures

Creditors are not obliged to offer reduced settlement figures, meaning you may not have the option of a short settlement

Can Afford Contractual

Debt settlement is not available if you can meet your contractual payments, however most creditors accept early settlement on unsecured debts with no redemption costs

DEBT SETTLEMENT FACTS:

Proof

You will be asked to produce documentation to verify where the funds have come from. This is for anti-money laundering purposes

Types of Settlement

There are three types of debt settlement:

- A full settlement – paying off the full balance
- A short settlement – paying of a portion of the balance (including debt write off)
- A partial settlement – paying a portion off your debts and continuing (or starting) on a supervised Debt Management Plan

INDIVIDUAL VOLUNTARY ARRANGEMENT (IVA)

An IVA is a formal (statutory) arrangement between you and your creditors which is supervised by a licensed Insolvency Practitioner. The arrangement usually lasts 5 years, but can be extended a further year if you own property with equity.

You make one affordable payment each month. An IVA involves fees which are taken from your monthly payments. There are no upfront fees and creditors agree to receive a reduced payment once the IVA fees have been taken.

IVA PROS:

Debt Write-off

On completion of your IVA, any remaining unsecured debt is written off.

Creditor Contact

- Advisers will manage your arrangement and liaise with your creditors on your behalf.
- Creditors can no longer chase you for payments.
- Creditors can't take further action on your accounts.
- You will still receive default notices.

Interest & charges

All interest and charges are frozen on debts within the IVA

Flexibility

- Your IVA is reviewed annually.
- If you have a significant change in circumstances we will call a variation meeting, where creditors are asked to agree to a new proposal.
- Your home will be protected by the IVA and vehicles are usually protected.

Self-employed only

If you are self-employed an additional pro is that you can continue to trade your business.

IVA CONS:

Publication

Your IVA is entered on the public Individual Insolvency Register for the duration of your IVA.

Implications

- May affect future employment – certain professions will not employ or admit individuals in a form of insolvency (financial services for example).
- May affect tenancy and mortgage applications or contracts

Failure

- If you fail to adhere to the IVA proposal, it will fail and you could be made bankrupt (very rare).
- Creditors may add on any interest and charges that accrued over the term of the IVA if it fails.

Credit Rating

The IVA will be placed on your credit file for 6 years from the date of approval or for the duration of the IVA whichever is the later.

Property acquired after

Any property acquired during the IVA period may need to be paid into the arrangements.

IVA FACTS:

Voting

- Creditors will vote on your IVA application
- 75% in value of those who vote, must vote to accept
- If accepted, creditors who vote to reject it are still bound by all the terms
- UNISON Debtline (PayPlan) has a 90% acceptance rate
- Creditors can modify the proposal to suit their needs and you will need to agree to the changes before the IVA can go ahead

Equity clause

- This clause is designed to protect your property so you can keep it
- If 85% of your equity is £5,000 or more, you will be asked to release equity
- This is released through a re-mortgage or secured loan and limited to 85% loan to value
- Usually managed in month 54 (6 months before the end)
- If you cannot re-mortgage or obtain a secured loan (which is highly likely), your IVA will be extended by up to
- 1 year making the IVA 6 years. If 85% of your share of equity is less than £5,000 net of all costs, you will not be asked to re-mortgage or extend the duration of the IVA.

FULL & FINAL IVA'S

Full and Final IVA is an arrangement between you and your creditors which is supervised by a licensed Insolvency Practitioner.

You make a one-off lump sum payment which is distributed to your creditors as settlement for your debts. You can make the lump sum payment within a reasonable timeframe. This is usually up to 12 months.

FULL & FINAL IVA PROS:

Debt write-off

On completion of your full and final IVA, any remaining unsecured debt is written off

Creditor Contact

- UNISON Debtline (PayPlan) will manage your arrangement and liaise with your creditors on your behalf
- Unsecured creditors can no longer chase you for payments and interest and charges are frozen
- Unsecured creditors can't take further action on your accounts

Guarantees

- You will receive a completion certificate once your full and final IVA has completed.
- No monthly payment required
- No equity clause

FULL & FINAL IVA CONS:

Publication

Your IVA is entered onto the public Insolvency Register for the duration of your IVA

Implications

- May affect future employment
- Certain professions will not employ or admit individuals in a form of insolvency (financial services for example)
- May affect tenancy agreements/mortgage contracts

Credit Rating

Full and final IVA will be place on your credit file for 6 years from the date of approval or until the IVA completes – whichever happens last

FULL & FINAL IVA FACTS

Voting

- Creditors will vote on your IVA application. If accepted, creditors who don't accept or don't vote are bound by the terms
- 75% in value of those creditors who vote, most vote to accept
- Creditors can modify the proposal to suit their needs, you will need to agree to the changes before the IVA can go ahead

Lump Sum Options

- Redundancy
- Family & friends
- Sale of an asset
- Pension
- Windfall

BANKRUPTCY

Bankruptcy is a formal (statutory) procedure which is approved by an adjudicator and then administered by an official receiver or a licensed Insolvency Practitioner. You will need to pay a fee to declare yourself bankrupt. [Note: It's possible that UNISON There for You will contribute to or pay this fee]. You will usually be discharged in 1 year.

With Bankruptcy you are no longer in control of assets and they may be sold to repay debts, including your home if there is equity. You may be required to pay your available surplus income for 3 years if its £20 or greater (unless your only income is state benefits).

BANKRUPTCY PROS:

Debt write off

All unsecured debts are included with only a few exceptions and it allows you to make a fresh start

Repayment

May mean a shorter term of repayment compared to other debt solutions

No Contact

No more contact from unsecured creditors that are included

BANKRUPTCY FACTS

Past transactions

The Trustee in Bankruptcy has the power to investigate and overturn previous transaction where there is evidence of:

- Transaction undervalue – where you have sold something for considerably less than it's worth
- Preferential treatment – where you've paid someone your own money to in preference to another creditor

Credit

It is an offence to obtain credit of more than £500 without disclosing you are bankrupt

Repayment

Level of income payments may change if circumstances change

Pensions

- Pension pot is protected in Bankruptcy unless client wishes to access it
- Accessed income will be considered within Income Payment Arrangement/Income Payment Order calculations

BANKRUPTCY CONS:

Credit Rating

- Place on credit file for 6 years
- You could face restrictions in taking further credit

Employment

- May affect future/current employment – certain professions will not employ individuals in a form of insolvency

Publication

- Your bankruptcy is entered on the public Insolvency Register for the duration of your bankruptcy
- Sometimes published in local papers too

Property Acquired After

- Any property acquired during the bankruptcy period can be realised by the Trustee

Exceptions

You remain liable to pay certain debts such as:

- Student loans
- Fines
- Debts arising from family proceedings

Self-Employment

- You can't act as a director of a limited company
- Partnerships may have to cease trading and face dissolution
- Business may be closed

Tax

- Likely to be given 'No Tax' Tax Code – may affect entitlement of benefits and employer may suspect Bankruptcy has occurred

Tenancy

- Bankruptcy could affect new tenancy applications
- Rent arrears included within bankruptcy could impact on current tenancy

Bank accounts

- Bank account may be frozen
- Monies in account claimed by Trustee although funds for basic living costs may be released

Official Receiver (OR) Powers

- Redirection of mail
- Private examination
- Public examination
- Apply for Income Payment Arrangement or Income Payment Order
- Enforce co-operation

Assets

- Ownership transfer to Trustee except items required for work and everyday household items
- High value essential goods may be sold and cheaper replacement sought
- Beneficial interest in any asset will be considered and realised

Appendix 2

The debt solutions – pros and cons

Scotland

REPAYMENT ARRANGEMENT – see Appendix 1 page 8

DEBT MANAGEMENT PLAN – see Appendix 1 page 9

DEBT ARRANGEMENT SCHEME (DAS)

A Debt Arrangement Scheme can be set up by UNISON Debtline (PayPlan) which involves you applying for a Debt Payment Programme (DPP).

One single monthly payment goes towards repaying your unsecured debts included in the plan. Interest and charges are frozen on your debts from the date you start your application and creditors cannot take any further action to recover the debt once the application is approved.

DAS PROS:

Interest and charges

Interest and charges are frozen from the date of application

Legal Action

No legal action can be taken once the debt payment programme has been approved

Eligibility

No minimum debt level or repayment time to apply

Flexibility

- You are allowed a payment break of up to 6 months if monthly payment reduces by more than 50%
- No limit to the number of payment breaks
- You can apply for a variation if you cannot afford the original monthly payment
- One single monthly payment to cover repayment of all unsecured debts

DAS CONS:

Credit Rating

Creditors may register the DAS with credit reference agencies, which will have a negative impact on your credit rating for up to 6 years after the end of the DAS, making it harder to obtain new credit in the future.

Debts

The DAS must include all unsecured debts

Publicity

Your name will appear on a DAS register for the duration of the arrangements

Circumstances

If you fall two months in arrears, and a further payment is due, then the debt payment programme may be revoked.

DAS FACTS:

The DAS is a Statutory Debt Management Scheme set up by the Scottish government where you can apply for a Debt Payment Programme (DPP).

Repayments

One monthly payment distributed to creditors until the debts are repaid in full

Set Up

Either through UNISON Debtline (PayPlan) or a local money adviser.

TRUST DEED

A Trust Deed is a legally binding arrangement between you and your creditors overseen by a licensed Insolvency Practitioner. It is only available in Scotland.

TRUST DEED PROS:

You pay one affordable monthly payment and once the Trust Deed is accepted, no further interest charges or action can be taken against you by your creditors.

TRUST DEED CONS:

A Trust Deed will affect your credit rating and you may be required to release equity in your property.

All assets and liabilities have to be declared

A Trust Deed is entered on the public Register of Insolvencies for the duration of the arrangement.

TRUST DEED FACTS:

Only available in Scotland

You pay a monthly amount – usually over a 4 or 5 period after which the remaining debt is written off

Each Trust Deed is treated individually based on your unique circumstances.

SEQUESTRATION

Sequestration is commonly referred to as Scottish Bankruptcy and is a legal declaration that you cannot afford to pay your debts. You will be discharged from Sequestration after a year however if you can afford to do so you will have to make monthly payments based on your surplus income for a period of 4 years.

You are no longer in control of assets and they may be sold to repay debts including your home if there is equity. There is a fee to apply for Sequestration* (UNISON There for You may help with the cost).

SEQUESTRATION PROS:

Inclusive

All unsecured debts included with only a few exceptions – allows you to make a fresh start

Repayment

May mean a shorter term of repayments compared to other debt solutions

It is possible to have a payment break of up to 6 months if your disposable income reduces by more than 50%.

No contact

Nor more contact from unsecured creditors

SEQUESTRATION CONS:

Credit Rating

Placed on credit file for 6 years.

You could face restrictions taking further credit

Implications

May affect future employment – certain professions will not employ individuals in a form of insolvency

May affect tenancy agreements/ mortgage contracts – some agreements do not allow you to enter insolvency

Publication

Your bankruptcy is entered on the public Register of Insolvencies (Scottish version) for the duration of your bankruptcy

Exceptions

You remain liable to pay certain debts

- Student Loans
- Fines
- Debts arising from family proceedings.

MINIMAL ASSET PROCESS (MAP)

This is an alternative route into Sequestration (bankruptcy). You are eligible if you have been in receipt of income related benefits for at least 6 months and confirmed by the Common Financial Tool (CFT) as having no disposable income.

Debts must exceed £1,500 but be less than £17,000. There is a fee to apply for a MAP (There for You may be able to help with the fee).

MAP PROS:

Assets

- You may keep your assets & vehicle, if the value does not exceed £3,000
- Your other assets must be worth less than £2,000 have not one asset worth more than £1,000

Creditor contact

Once in a MAP creditors can no longer take further action on your accounts

Inclusive

All unsecured debts included with only few exceptions – allows you to make a fresh start

Fee

There is an application fee to apply

MAP CONS:

Credit Rating

Placed on credit file for 6 years

You could face restrictions taking further credit

Implications

May affect future employment – certain professions will not employ individuals in a form of insolvency

May affect tenancy agreements/ mortgage contracts. Some agreements do not allow you to enter insolvency.

Publication

Your bankruptcy is entered on the public Register of Insolvencies for the duration of your bankruptcy

Sometimes published in local papers

Exceptions

You remain liable to pay certain debts

- Student loans
- Fines
- Debts arising from family proceedings



This guide has been produced in association with
PayPlan providers of UNISON Debtline

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